

NGO “NEVO KONCEPTI - NVK”

INDEPENDENT AUDIT’S REPORT

AND

FINANCIAL STATEMENTS

For the the year then ended at 31 December 2020

PRIZREN 2021

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INDEPENDENT AUDIT'S REPORT

To the: Management of NGO "NEVO KONCEPTI - NVK"

Opinion

We have audited the financial statements of NGO "NEVO KONCEPTI", which comprise the statement of financial position as at **December 31, 2020**, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of NGO "NEVO KONCEPTI" give a true and fair view, in all material respects, the financial position of the NGO as at **December 31, 2020**, of its financial performance and its cash flows for the year then ended in accordance with the financial reporting as described in notes 2.1 of this report

Basis for opinionin

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Bantijar Berisha, Statutory Auditor
19 March 2021



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

OJQ "NEVO KONCEPTI"			
Statement of Comprehensive Income			
For the period 1 January to 31 December 2020			
REVENUE	Notes	2020 Euro	2019 Euro
Income from grants and donations		230,934	334,275
Income from activity		-	-
Other income		1,863	230
Totala revenue	10	232,797	334,504
EXPENSES			
Program expenses			
Gross salaries and benefits		52,242	90,709
Program expenses		64,298	114,497
Total program expenses	11	116,540	205,206
Management and Administration			
Gross salaries and benefits		89,624	139,122
Operating expenses		8,501	12,000
Other indirect costs		-	104
Total management and administration	12	98,125	151,226
Other expenses (depreciation)		3,593	3,593
Total other expenses		101,718	154,820
TOTAL EXPENSES		218,258	360,025
Net increase / decrease from operations		14,539	(25,521)
Income tax		-	-
Net increase / decrease of funds of the year		14,539	(25,521)
Net increase / decrease of funds from previous years		11,544	37,065
Write-offs and adjustments		-	-
ACCUMULATED EXCESS OF FUNDS	9	26,083	11,544

STATEMENT OF FINANCIAL POSITION - BALANCE SHEET

OJQ "NEVO KONCEPTI"			
Statement of Financial Position - Balance Sheet			
For the year then ended at 31 December 2020			
ASSETS	Notes	2020	2019
		Euro	Euro
Current assets			
Cash and cash equivalents	4	10,467	23,854
Prepaid accounts	5	22	-
Total current assets		10,489	23,854
Non current assets			
Property, plant and equipment	6	-	3,593
Total non current assets		-	3,593
TOTAL ASSETS		10,489	27,448
LIABILITIES AND FUNDS			
Current liabilities			
Trade and other liabilities	7	246	4,625
Salaries, tax and pension contribution payables	8	144	8,467
Total current liabilities		390	13,092
Non current liabilities			
Lon-term Lianilities		-	3,593
Total non current liabilities		-	3,593
TOTAL LIABILITIES		390	16,686
FUNDS			
Accumulated excess of income		10,762	37,065
Net excess from income statement		14,539	(25,521)
Total funds		10,099	10,762
TOTAL LIABILITIES AND FUNDS		10,489	27,448

These financial statements have been prepared, approved and signed by the Management of NGO:

Prepared by: Tasim Shasivari

(Name, Surname and signature)

Date: 19.03.2021

Approved by: Osman Osmani

(Name, Surname and signature)

Date: 19/03/2021

STATEMENT OF CHANGES IN FUNDS

OJQ "NEVO KONCEPTI"				
Statement of Changes in Funds				
For the year then ended at 31 December 2020				
	Initial Funds	Accumulated Funds	Rezereves	Total
	Euro	Euro	Euro	Euro
Statement at 01 January 2019	-	37,065	-	37,065
Net increase / decrease from operations	-	(25,521)	-	(25,521)
Statement at 31 December 2019	-	11,544	-	11,544
Net increase / decrease from operations	-	14,539	-	14,539
Statement at 31 December 2020	-	10,880	-	10,880

STATEMENT OF CASH FLOWS

OJQ "NEVO KONCEPTI"			
Statement of Cash Flows			
For the year then ended at 31 December 2020			
	Note	2020 Euro	2019 Euro
OPERATING ACTIVITIES			
Excess of the year		14,539	(25,521)
Adjustments for non-cash items			
Depreciation of Property, plant and equipment	6	3,593	3,593
Changes in operating assets and liabilities		3,593	3,593
(Increase) / decrease in prepaid accounts	5	(22)	13,846
Increase / (decrease) in trade payables and other	7	(4,379)	4,289
Increase / (decrease) in salaries, tax and pension contribution payables	8	(8,323)	8,467
Increase / (decrease) in other payables	6	(3,593)	(3,593)
Net cash from operating activities		(16,317)	26,602
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	6	-	-
Net cash from investing activities		-	-
FINANCIAL ACTIVITIES			
Net cash flow for the year		(13,387)	3,893
Cash and cash equivalents at beginning	4	23,854	23,555
Cash and cash equivalents at the end		10,467	27,448

1. GENERAL INFORMATION

NGO "NEVO KONCEPTI - NVK" was established as non governmental organization under Law No.06/L-043 on Freedom of Association in Non-Governmental Organizations, the organization is a non-profit organization with public benefit status.

- The Organization is called NGO "NEVO KONCEPTI"
- The Organization is also known as NGO "NVK"
- The organization is a non-profit association, as defined in Article 12 of the Law no. 04 / L-043 on Freedom of Association in Non-Governmental Organizations in the Republic of Kosovo.

Registration date: 26 November 2014
BRNO: 5115293-0
BSNO: N/A
FNO: 601188700
VAT NO: N/A
Type of Company: Non Governmental Organization
Address: Str. Adnan Krasniqi – 149/II/8, Prizren

Constitution Memebrrs: **Erxfan Galushi**, Str. Haxhi Zeka, 47, Prizren with Personal No.: 1173002579
Edon Korllari, Str. Xheladin Hana, 48, Prizren with Personal No.: 1234654574
Nurgjan Qorri, Str.Takova, 7, Prizren with Personal No.: 1170796701

Director of NGO Board: Daut Qylanxhi
Authorized representative: Osman Osmani, Director

Organization is constituted for the following purposes:

Improve the situation of RAE (Roma, Ashkali and Egyptian) communities in the field of education and other areas that affect their well-being through community awareness raising, capacity building and advocacy activities, with the priority of integrating children of the communities concerned into the teaching process.

The NGO activity during 2020 has been focused on developing the following projects:

- **Resocialization of returned Roma, Ashkali and Egyptian families from Western Europe, Prizren Municipality, Kosovo (REACH II),** funded by German Foundation Karl Kübel Stiftung für Kind und Familie – KKS (German Government donor).
- **Promoting the dignified integration of Roma, Ashkali and Egyptian communities in Peja and Suhareka, Kosovo (Prospekt +),** funded by the Kosovo Foundation for Open Society - KFOS "- Karl Kubel Stiftung für Kind und Familie, (German Government Donor).
- **EU Support for the Implementation of the Strategy for the Integration of Roma, Ashkali and Egyptian Communities Phase 2 Education for Integration (EUSIMRAES 2),** funded by the Kosovo Education Center - KEC (EU donor).
- **Support for the regular education of repatriated children and the minority community in Prizren and Gjakova, Kosovo (CDBE),** funded by Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ (German Government Donor).
- **Strengthening the social rights of marginalized groups in the Municipality of Prizren (SORI),** funded by Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ (German Government Donor).
- **Governance of Children's Rights (SIDA),** funded by Save the Children International in Kosovo (SIDA donor).

2. ACCOUNTING POLICIES

2.1 Bases of preparation

The financial statements are prepared in accordance with Kosovo Accounting Standards respectively with IAS for SME-s and in accordance with the Law No.04 / L-157 that are currently applicable in the Republic of Kosovo. The financial reports are prepared under the historical cost convention and accrual bases of accounting.

2.2 Bases of measurement

The financial statements are prepared on the basis of historical cost and accrual accounting principle, as income of the period are recognized only the revenues spent for that period and not when they are received, while the unspent part of the received revenues is carried over to the future period as deferred revenue, subsequently recognized as revenue depending on their expense, whereas the expense is recognized when they occur and not when they are paid.

2.3 Reporting currency and presentation

The financial statements are prepared and presented in Euro currency, which is the functional and legal currency at the Republic of Kosovo.

2.4 Accountin Sftware

The organization uses the accounting system developed in the "LOG MICRO", which produces sufficient financial reports such as; the cash book, the bank book, the general ledger, the income and expenditure reports for projects as well as the financial statements of the NGO as a whole.

2.5 Going Concern

Statement of financial position and income statement have been prepared on a going concern basis, under which the organization will be able to realize its assets and liabilities in the normal course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Recognition and Measurement

Property, plant and equipment are measured on the basis of historical cost, less accumulated depreciation and any accumulated impairment losses. The cost of purchase includes expenses that are directly attributable to the asquisition of assets. The cost of self build assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset into working condition for its purpose.

Subsequent costs - replacement

The cost of replacing part of the property, plant and equipment is recognized at its carrying amount if it is probable that future economic benefits associated within the part will flow to the Organization and its cost can be measured reliably. Costs of property, plant and equipment are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is recognized on a reduction in the estimated useful life of the assets. Depreciation is calculated on a straight line basis over their useful life. The annual rates of depreciation that are used are as follows:

- Buildings 5%
- Equipment and machinery 10%
- Vehicles 20%

3.2 Financial instruments

The organization keeps only non-derivative financial instruments, consisting of cash and cash equivalents, trade receivables, borrowings, trade payables and other payables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances in drawer and cash deposited with local banks.

Account Receivable

Receivables are measured at cost arising from the operations and expected to be received from the debtors. At the end of each reporting period, the carrying amounts of receivables are examined to determine whether there is any objective evidence that the amounts are not recoverable and any impairment loss is recognized directly in the income statement.

Accounts Payable

Accounts payable are recognized at their fair value and are liabilities arising from regular business on the basis of normal lending times and are not interest bearing.

3.3 Employee benefits

Social security and pension plan contribution

The organization contributes to its employees only pension plan contributions prescribed by the social security legislation as mandatory determining pension benefits for employees after retirement. Such contributions for the pension plan are charged to profit or loss when incurred.

3.4 Revenues and expenditures

Income from grants and donations

Income from grants and donations are recognized as income over the period necessary to connect them with the costs for which are budgeted. While income from economic activities is recognized when the goods are delivered and ownership is transferred or services are rendered.

Operating expenses

The direct program costs and other indirect expenses are recognized on accrual basis when they are incurred.

3.5 Income tax

The organization is registered as non-profit organization and does not distribute profit, possesses the public beneficiary status, therefore as per applicable law is not subject to income tax.

3.6 Determination of fair value

The fair value of cash and cash equivalents, receivables and payable accounts are approximately equal to their value, due to liquidity and their short-term maturity.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents cash in bank and petty cash, on 31 December 2020 comprise as the following:

<u>Cash and cash equivalents</u>	<u>31-Dec-20</u>	<u>31-Dec-19</u>
Petty Cash SoRi	-	-
Petty Cash CDBE	-	84.22
Total Petty Cash	-	84.22
BANK Prospekt +	376.69	307.59
BANK EUSIMRAES II	-	2,782.47
BANK REACH II	6,720.97	19,616.06
BANK SIDA (GCR)	652.81	1,061.24
BANK SoRi	-	-
BANK CDBE	2.60	2.60
BANK NEVO	2,713.76	-
Total Bank	10,466.83	23,769.96
Total Cash	10,466.83	23,854.18

5. PREPAID ACCOUNTS

Prepaid accounts represent payments in advance for program and operating expenses that will be recognized as an expense in the following reporting periods, on December 31, 2020, comprise the following:

<u>Prepaid accounts</u>	<u>31-Dec-20</u>	<u>31-Dec-19</u>
Other prepaid accounts	22.20	-
Gjithsej	22.20	-

6. NON CURRENT ASSETS

The non current assets represent the property, plant and equipment, on 31 December 2020 comprise as the following:

Property, plant and equipment	Plant	Buildings	Equipment	Total
Historical cost	-	-	31,305.07	31,305.07
Accumulated depreciation	-	-	27,711.74	27,711.74
Depreciation of the year	-	-	3,593.33	3,593.33
At 31 December 2020	-	-	31,305.07	31,305.07
Net Value	-	-	0.00	0.00
Net Value at 31 December 2020	-	-	0.00	0.00

Property, plant and equipment	Plant	Buildings	Equipment	Total
Historical cost	-	-	31,305.07	31,305.07
Accumulated depreciation	-	-	24,118.40	24,118.40
Depreciation of the year	-	-	3,593.33	3,593.33
At 31 December 2019	-	-	27,711.74	27,711.74
Net Value	-	-	3,593.33	3,593.33
Investment / capitalization /	-	-	-	-
Net Value at 31 December 2019	-	-	3,593.33	3,593.33

7. ACCOUNTS PAYABLE

Accounts payable represent the debts incurred from operations and expected to be paid after 31 December 2020 which comprise as the following:

Trade and other liabilities	31-Dec-20	31-Dec-19
Accounts payable	246.30	4,554.89
Internal borrowings (from employees)	-	70.00
Total	246.30	4,624.89

8. LIABILITIES FOR SALARIES AND WAGES, SALARY TAXES AND PENSION CONTRIBUTION

Represent short-term liabilities for salaries and wages, withholding tax on salaries and pension contributions, on 31 December 2020 comprise as the following:

Salaries, tax and pension contribution payables	31-Dec-20	31-Dec-19
Net Salaries	-	5,606.08
Salary tax	144.00	1,109.77
Pension contribution 5%	-	875.74
Pension contribution 5%	-	875.74
Total	144.00	8,467.33

9. FUNDS

Represent the accumulated funds, returned funds and the excess of funds for the period, on 31 December 2020 comprise as the following:

Funds	31-Dec-20	31-Dec-19
Accumulated excess of income	36,927.20	63,229.81
Net excess from income statement	14,539.14	(25,520.96)
Returned to donors	(15,202.38)	(781.65)
Funds carried forward	36,263.96	36,927.20

10. REVENUES

Revenues represent income from grants, donations, membership and economic activity on 31 December 2020 comprise as the following:

Revenues	1 Jan to 31 Dec 2020	1 Jan to 31 Dec 2019
Prospekt +	29,348.19	30,070.00
EUSIMRAES II	-	12,909.26
REACH II	130,616.06	130,328.00
SIDA	49,592.17	50,762.37
SoRi	12,050.00	33,095.00
CDBE	9,328.00	77,110.00
Income from donations	230,934.42	334,274.63
Income from economic activity	-	-
Other income(private donation/charity etc.)	1,862.90	229.50
Other income	1,862.90	229.50
Total	232,797.32	334,504.13

10.1 Deferred revenues

Deferred revenue represent the income from the grants and donations that are received in advance and wich will be recognised and spent in to the future periods, as of December 31, 2020 comprised the following:

Deferred revenue	31-Dec-20	31-Dec-19
Deffered revenue (REACH II)	-	9,393.13
Deffered revenue (SIDA)	-	1,061.24
Deffered revenue (Prospekt +)	-	307.59
Total	-	10,761.96

11. PROGRAM EXPENSES

Program expenses represent the direct costs for running and development of projects during the period 1 January to 31 December 2020, which comprise as the following:

Program expenses	1 Jan to 31 Dec 2020	1 Jan to 31 Dec 2019
Gross salaries and wages	52,242.07	90,708.69
Program expenses	64,297.73	114,496.82
Other program expenses	-	-
Total	116,539.80	205,205.51

12. ADMINISTRATION AND MANAGEMENT EXPENSES

Administration and management expenses represent the indirect costs for supporting project activities during the period 1 January to 31 December 2020, which comprise as the following:

Administration and management expenses	1 Jan to 31 Dec 2020	1 Jan to 31 Dec 2019
Gross salaries and wages	89,623.95	139,122.23
Operation expenses	8,501.10	12,000.00
Other expenses	-	104.02
Total	98,125.05	151,226.25

13. SUBSEQUENT EVENTS

Management is responsible for disclosing subsequent events after the date of financial statements compilation which requires adjustments or disclosures in the financial statements. During the time of audit we have not ascertained events after the date of compilation of financial statements. Management is also responsible for disclosing subsequent events after the date of compilation of financial statements which do not require adjustments of financial statements.

During the audit, we were faced with the global pandemic COVID-19 which is an event that could have an impact on future projects performance. But since the duration and impact of COVID-19 pandemic are unknown as well as unclear economic measures, it is not possible to reliably assess the effect and impact to the financial position and outcomes of the organization for the future periods.